



cutting through complexity

APRIL

**Proposed SFMP 2.0
Assurance Approach
2019**

February 12, 2019



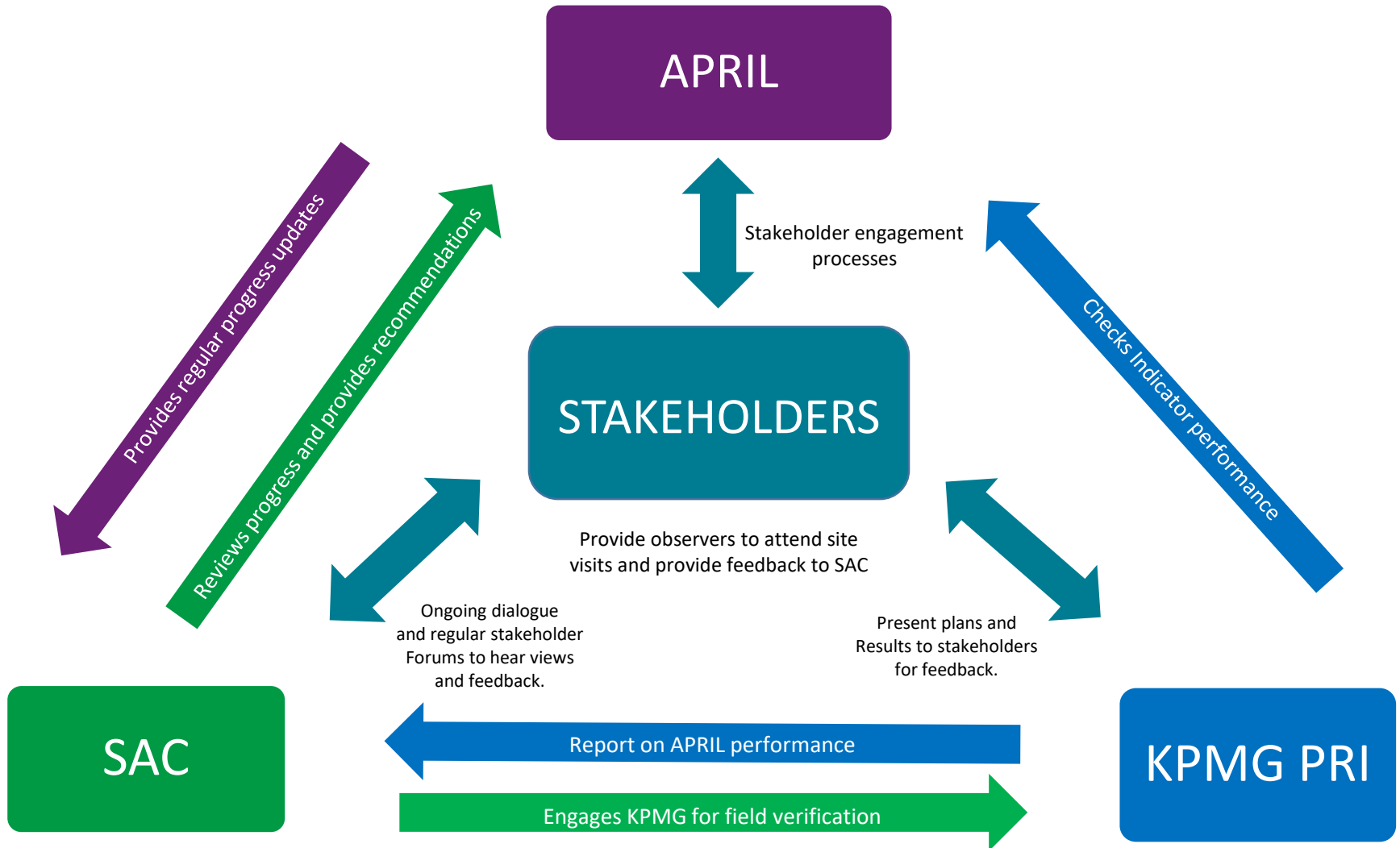
Background on the Stakeholder Advisory Committee Assurance Program

APRIL's independent Stakeholder Advisory Committee (SAC) provides oversight and recommendations to APRIL on the implementation of its Sustainable Forest Management Policy (SFMP 2.0)

The SAC engages KPMG PRI to provide an independent report on progress against key SFMP 2.0 commitments

Findings on the implementation and effectiveness of SFMP 2.0 are reported to the SAC annually and support the SAC's understanding of progress and areas for improvement and help them frame recommendations for further improvement and respond to stakeholder questions and concerns.

Overview of Roles in the SAC Assurance Program



Background on the Stakeholder Advisory Committee Assurance Program

Key performance indicators were developed in 2015-16 to support progress reporting and these have been modified and improved through stakeholder consultation in 2017 and 2018.

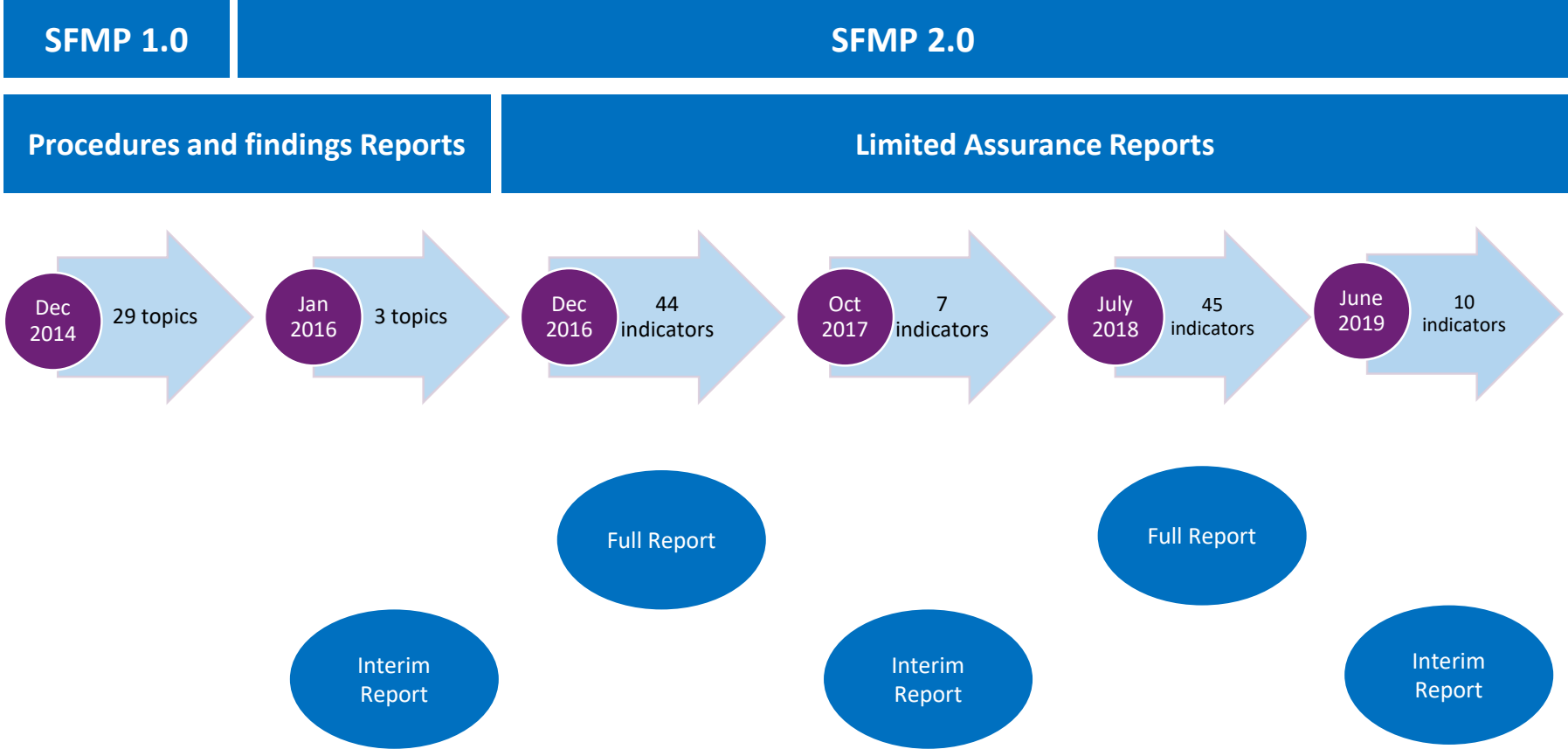
There are currently 45 performance indicators, all of which were reviewed in 2018.

For 2019 10 priority SFMP 2.0 indicators have been selected for review in consultation with the SAC. The priority indicators focus on critical SFMP 2.0 commitments where there is a risk of non-compliance with SFMP 2.0 and where there are existing open action plans from prior years.

Performance in relation to the priority indicators will be reported in an interim report in mid-2019.

History of The Stakeholder Advisory Committee's Assurance Program

In 2019, the interim report will focus on 10 priority indicators



Overview of 2019 Plan



2019 Priority Indicators

Indicators were selected based on:

- Stakeholder priorities identified in prior stakeholder meetings and through stakeholder input on indicators.
- Media coverage in 2018.
- Areas with APRIL action plans related to prior non-conformances and opportunities for improvement.

Selection process resulted in:

- 10 SFMP 2.0 indicators selected.
- An additional 9 new sub-indicators were also selected to provide more detailed assessment of performance for 3 specific SFMP 2.0 indicators.

Indicators selected for 2019

Ref.	Indicator
I b.	<p># of Ha developed by category (Forested, Non-Forested and HCV¹/HCS² and non-HCV/HCS) Including the following sub-indicators: Sub-indicators:</p> <ul style="list-style-type: none"> • 2018 Land recovery (Ha) • Recovered land planted in 2018 (Ha) • Unconfirmed potential land cover change at market suppliers (Ha and % of total identified potential land cover change) • Confirmed land cover change at market suppliers (Ha and % of total identified potential land cover change)
I c.	<p># of PT. RAPP and supplier non-compliant new development detected and the % of non-compliances resulting in corrective action.</p>
I d.	<p># of tonnes mixed hardwood (MHW) deliveries utilized by the Kerinci mill.</p>
II a.	<p>Hectares and % of conservation and restoration area impacted by fire, development or encroachment.</p>
V b.	<p>Contribution to local GDP Including the following sub-indicators: Sub-indicators:</p> <ul style="list-style-type: none"> • Progress in development of a monitoring and reporting system including implementation of the “Community engagement toolkit for Conservation Forest Management”.

Indicators selected for 2019

Ref.	Indicator
VI b.	<p>Ha of APRIL and supplier concessions currently inactive due to unresolved land disputes Including the following sub-indicators: Sub-indicators:</p> <ul style="list-style-type: none"> • New 2018 disputes (Ha) • Recognition of historic disputes (Ha) • Resolved disputes (Ha) • Plantable land resulting from dispute resolution (Ha and % of total area resolved).
VI f.	<p>% of grievances resolved in accordance with the grievance SOP.</p>
VII b.	<p>Grievance resolution mechanism in place for labor concerns raised by APRIL or supplier employees and contractors.</p>
IX d.	<p>Status of SAC Recommendations.</p>
IX e.	<p>% of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery.</p>

Proposed site visits

PT. RAPP - 2 Estates

Cerenti

Tasik Belat

Supply Partners - 4 concessions

PT. Citra Sumber Sejahtera

PT. Bukit Betabuh Sei Indah

PT. Nusantara Sentosa Raya

PT. Madukoro

Open Market Suppliers - 2 concessions

PT. Korintiga Hutani

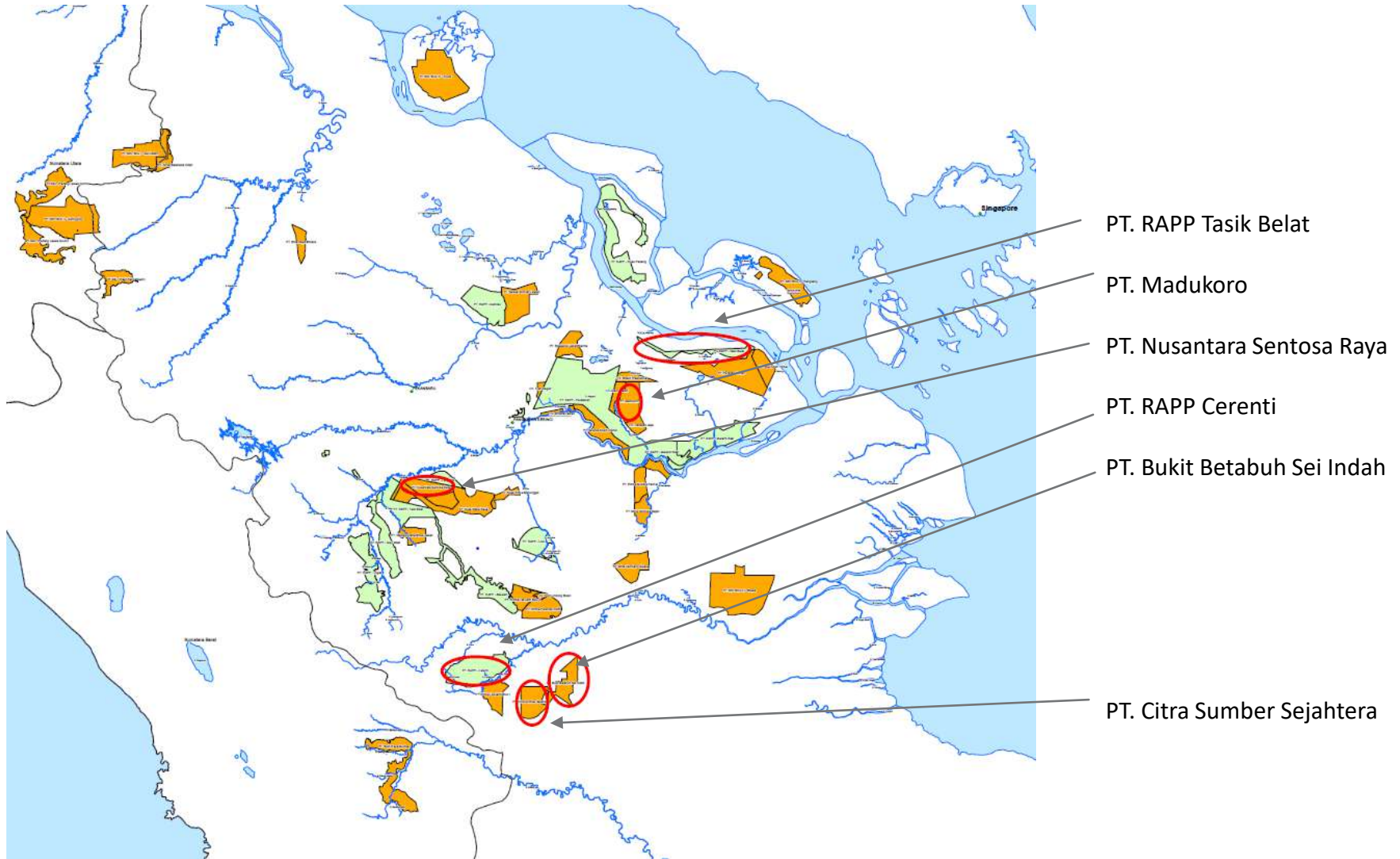
PT. Wahana Lestari Makmur Sukses

Selection of field inspection sites

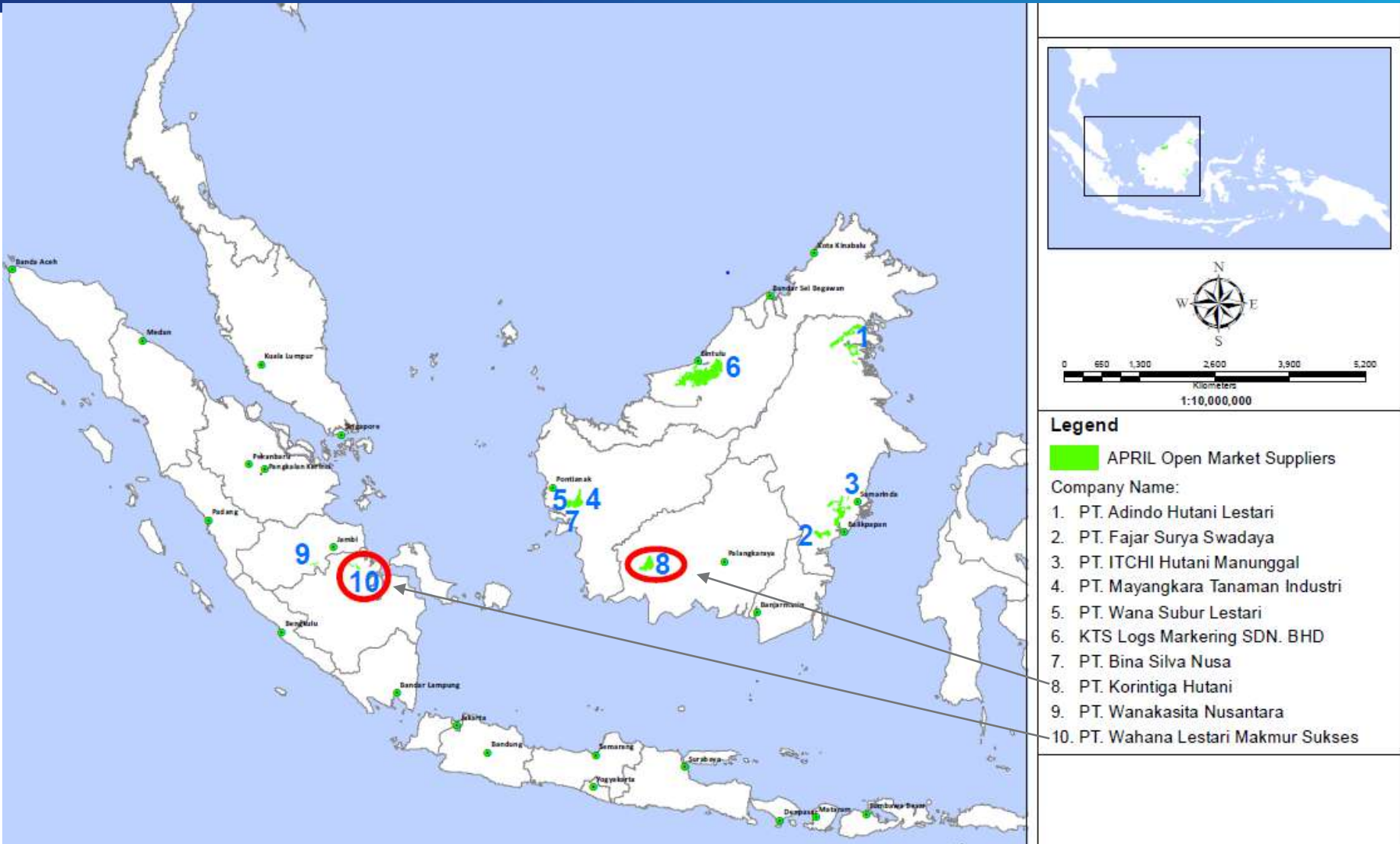
The draft list of concessions and estates was selected based on the following criteria:

- Supplier status (ongoing supply of fiber).
- Volume supplied (preference for suppliers > 150,000 tonnes).
- If and how recently visited by KPMG.
- Land cover change identified from independent satellite data (particularly larger areas).
- Significant increase in land claims.
- Significant decrease in land claims.
- Encroachment and loss of conservation area.
- Public sanctions by government.
- Media coverage.
- Soil type (peat or mineral).

Location of Riau Suppliers and Proposed Field Sample



Location of Kalimantan Suppliers and proposed Field Sample



Focus of Field inspections



Employee / contractor awareness of grievance processes



Completeness of fire data

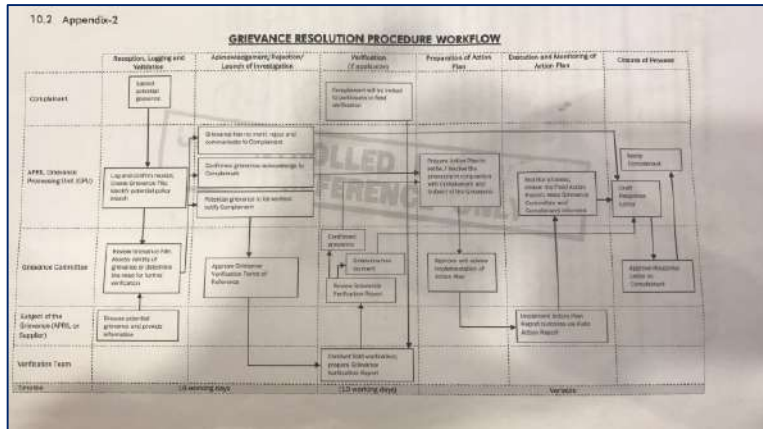


Completeness of encroachment data



Compliance with SFMP 2.0 commitments related to new development

Focus of Field inspections



Use of the Grievance Resolution Mechanism to resolve new disputes



Fiber limited to plantation sources



Progress on Land Disputes



Implementation of Due Diligence System for New Suppliers

Opportunity to comment

Comments on our proposed 2019 approach to field inspections are welcomed and will be considered in the development of the final plan for Stakeholder Advisory Committee approval.

Comments may relate to:

- Selection of priority indicators.
- Specific concessions and estates selected for field inspection.
- Specific topical issues of concern.
- Other topics related to SFMP 2.0 and APRIL's performance.

All comments should be directed to the Stakeholder Advisory Committee at Sac_secretariat@aprilasia.com



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